



Australian Government

Australian Government response to the
Senate Rural and Regional Affairs and Transport References
Committee's Second Interim Report: The inquiry into the
increasing use of so-called Flag of Convenience shipping in
Australia

MAY 2017

Rec No	Recommendation	Government Response
Rec 1	The committee recommends that the Commonwealth undertake a review of the Australian maritime sector, with a view to building on the 2012 reforms aimed at growing the Australian-flagged shipping industry in the future.	<p>The Australian Government does not support the recommendation for the Commonwealth to undertake a review of the Australian maritime sector.</p> <p>The Australian Government has already undertaken a number of reviews of the Australian maritime sector. Such reviews include (but are not limited to);</p> <ul style="list-style-type: none"> • Tasmanian Shipping and Freight, Productivity Commission Inquiry Report, 7 March 2014. • Strengthening Economic Relations between Australia and New Zealand, Joint Australia – New Zealand study, 13 December 2012. • Competition policy review (Harper review), 31 March 2015. • Regulation of Australian Agriculture, Productivity Commission report, 28 March 2017. <p>Passage of those reforms continues to be pursued through amendments to the Tasmanian Freight Equalisation Scheme Ministerial Directions, the <i>Competition and Consumer Act 2010</i> and consultations around the Coastal Trading Act 2012. Another review is unlikely to change the current decline of the Australian shipping industry.</p>
Rec 2	The committee recommends that this review include a comprehensive whole-of-government assessment of the potential security risks posed by flag of convenience vessels and foreign crews.	<p>The Australian Government does not support this recommendation.</p> <p>See response to recommendation 1</p>
Rec 3	The committee recommends that this review include consideration of ways to harmonise the operations of the Australian shipping sector across jurisdictions through COAG to reduce red tape for vessel and port operators, including cargo handling provisions.	<p>The Australian Government does not support this recommendation.</p> <p>See response to recommendation 1</p>

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Rec 4	The committee recommends that this review include widespread consultation with the Australian shipping industry to ensure that its findings are relevant and directed to shared objectives for the future of the local maritime sector.	The Australian Government does not support this recommendation. See response to recommendation 1
Rec 5	The committee recommends that the Commonwealth immediately tighten the provisions for temporary licences in Australian maritime law, to flag of convenience vessels being used on permanent coastal freight routes if they fail to pay Australian award wages to their crew.	The Australian Government does not support this recommendation. Under the Fair Work Act 2009 any vessel operating under a temporary licence under the <i>Coastal Trading (Revitalising Australian Shipping) Act 2012</i> is required to pay its crew Part B wages under the Seagoing Industry Award for its third and subsequent voyage in a 12-month period. The Department of Infrastructure and Regional Development works closely with Australian Maritime Safety Authority and the Fair Work Ombudsman (FWO) to ensure operators are complying with their Fair Work Act obligations. The FWO also provides a range of resources to assist employees understand their rights and can investigate complaints of non-compliance with Fair Work Act requirements. The FWO has a range of compliance tools to inquire into, investigate, and enforce compliance and the Government believes this provides an appropriate level of assurance and changes are not required.
Rec 6	The committee recommends that the Commonwealth adopt a broader and more rigorous approach to the risk assessment and oversight of seafarers working in Australian waters on maritime visas, and better share this information across relevant Commonwealth and jurisdictional agencies.	The Australian Government notes this recommendation. The Maritime Crew Visa (MCV) was introduced in 2007 to facilitate pre-arrival bona fides checking of foreign sea crew. There are very high levels of Immigration compliance by the commercial maritime industry through the MCV programme. For instance, the current safeguards built into the MCV programme results in only 0.02 per cent of MCV holders claiming protection (compared to 0.14 per cent in the Visitor visa programme). Any policy review needs to be considered (and prioritised) in this context. The introduction of the MCV enabled the Department to check applicants against the Central Movement Alert List, Safeguards and, most recently, the Consolidated View of Risk and Global Operational Integrity System. If they are travelling by air to join a vessel in Australia they are also required to obtain a Transit Visa or another visa to enter Australia.

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Rec 7	<p>The committee recommends that the Australian Government continue to work with international agencies, including the International Labour Organisation (ILO), to improve the working conditions, safety standards, and rates of remuneration for seafarers working in international shipping.</p>	<p>The Australian Government notes this recommendation.</p> <p>The Government works closely with international agencies, including the International Labour Organisation (ILO), to ensure seafarers globally are afforded minimum rights and conditions of employment when engaged in international shipping. The ILO Maritime Labour Convention 2006 (MLC) establishes minimum working and living standards for all seafarers working on ships and was ratified by Australia on 21 December 2011 and entered into force around the world on 20 August 2013. The MLC provides seafarers with fair terms of employment and guarantees them safe, secure and decent living and working conditions on board ship.</p> <p>The Australian Maritime Safety Authority (AMSA) is the national regulatory authority responsible for implementing, monitoring and enforcing compliance with the MLC primarily through the <i>Navigation Act 2012</i> and relevant Marine Orders. As the appropriate authority, AMSA represents the Government at meetings of the Special Tripartite Committee on the MLC at the ILO and during negotiations on amendments to the MLC to ensure the rights and conditions of seafarers are improved globally.</p>
Rec 8	<p>The committee recommends that the Australian government look for ways to support the Maritime Labour Convention (MLC) to make flag of convenience shipping more accountable to international law and, when in Australian waters, to our national regulations.</p>	<p>The Australian Government notes this recommendation.</p>
Rec 9	<p>The committee recommends that the Commonwealth consider ways to improve the early intervention and counselling resources available to crews on international vessels, including those operating on flag of convenience registers.</p>	<p>The Australian Government notes this recommendation.</p>
Rec No	Recommendation (Australian Greens)	Government Response

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Rec 10	That the review of the Australian maritime sector specifically include a review of risks to the marine environment of flag of convenience shipping and specifically include consideration of how shipping can be more responsive to Australian environmental laws.	<p>The Australian Government does not support this recommendation.</p> <p>The Australian Government has ratified all annexes to the International Convention from the Prevention of Pollution from Ships and these annexes contain regulations relating to the prevention of pollution by ships with respect to oil, chemicals, marine pollutants, garbage, sewage and air emissions. These requirements are applied to all foreign flag ships calling at Australian ports and compliance is monitored under Australia's port State control program.</p>

